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The State of SaaS Virtual Training

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Introduction

According to McKinsey research, "companies who provide [outstanding digital experiences](#) are about 70% more likely to be chosen as a primary supplier then those providing only fair ones." The impact of stellar customer experience is equally applicable for any company, boosting retention, driving engagement, and reducing churn. So, can SaaS companies benefit from hands-on virtual training environments? And essentially, are these tools in demand from today's SaaS leaders?

To get better insight into whether today's SaaS leaders see value in creating hands-on digital experiences for their customers, and how self-paced learning resonates with SaaS companies vs VILT, we surveyed 100 software training managers and executives from across the United States, in companies with 200+ employees. The survey was completed by independent survey company, Global Surveyz, and the responses were collected in June 2021.

Through the responses to our survey, we uncovered the extent of the demand for both self-paced and virtual instructor-led training in SaaS companies. We saw budget is growing for customer training, and customer experience being the top priority. With this goal in mind, perhaps as a driver for customer experience, a large proportion of respondents have virtual training platforms on their radar, many looking to purchase in the next 12 months. To meet this need in the market, digital training platforms will need to meet the SaaS world's greatest challenges - scheduling, integration, reporting, and customer engagement.

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Key Findings

1

Training Budget is Growing for Today's SaaS Companies

The myth of a lack of budget for customer training seems to be debunked. Almost half of respondents (48%) have a budget of between $20,000 and $50,000, and 27% have a budget of between $50,000 and $100,000. 82% are increasing this budget for 2022 and will have more resources to draw from to improve customer training.

2

Customer Experience is the Top Priority for this Budget

When asked how they would channel this budget, the largest slice of the pie and the top spending priority is customer experience, at 34%. For small companies between 200-500 employees, this becomes even more important, at 45%. It's also the top pick for companies who have between 500 and 1,000 employees.

3

Self-paced Learning Proves Dominant

Virtual Instructor-led Training (VILT) has been touted as the hero of the pandemic, but self-paced training is currently the most popular training choice. More than a quarter of respondents rely on self-paced training between 70% and 80% of the time. VILT remains important, but self-paced proves equally essential.

Key Findings

4

SaaS Companies Want to Leverage Virtual Training

SaaS companies don't need a complex technical product to see the value of hands-on experiences. 38% of companies want to be using virtual training, with 39% of that group planning imminent adoption over the next 12 months. A further 10% would love to adopt this technology, but feel their budget is currently holding them back.

5

Four Top Challenges Stand Out for SaaS Leaders

Companies feel positive about the impact of customer training, and yet still call out four clear main challenges: Scheduling (42%), integration with other training tools (39%), reporting and visibility (37%) and engagement tools (32%). Tools that make these tasks easier or more accurate will be able to differentiate themselves from the crowd.

6

The SaaS Market is Ready to Leverage Virtual Training

Heavily focused on self-paced training as well as VILT, with growing budget and a focus on improving customer experience – SaaS companies are ready to take advantage of the benefits of virtual training to accelerate business growth and reduce the challenges listed above.

2021-2022 Customer Training Budget

80% of survey respondents have an annual budget for customer training from $20,000 to over $100,000 (figure 1). Budgets are expected to grow in 2022 for 82% of companies (figure 2). Only 7% of companies expect no change to be reflected in 2022's customer training budget.

Figure 1
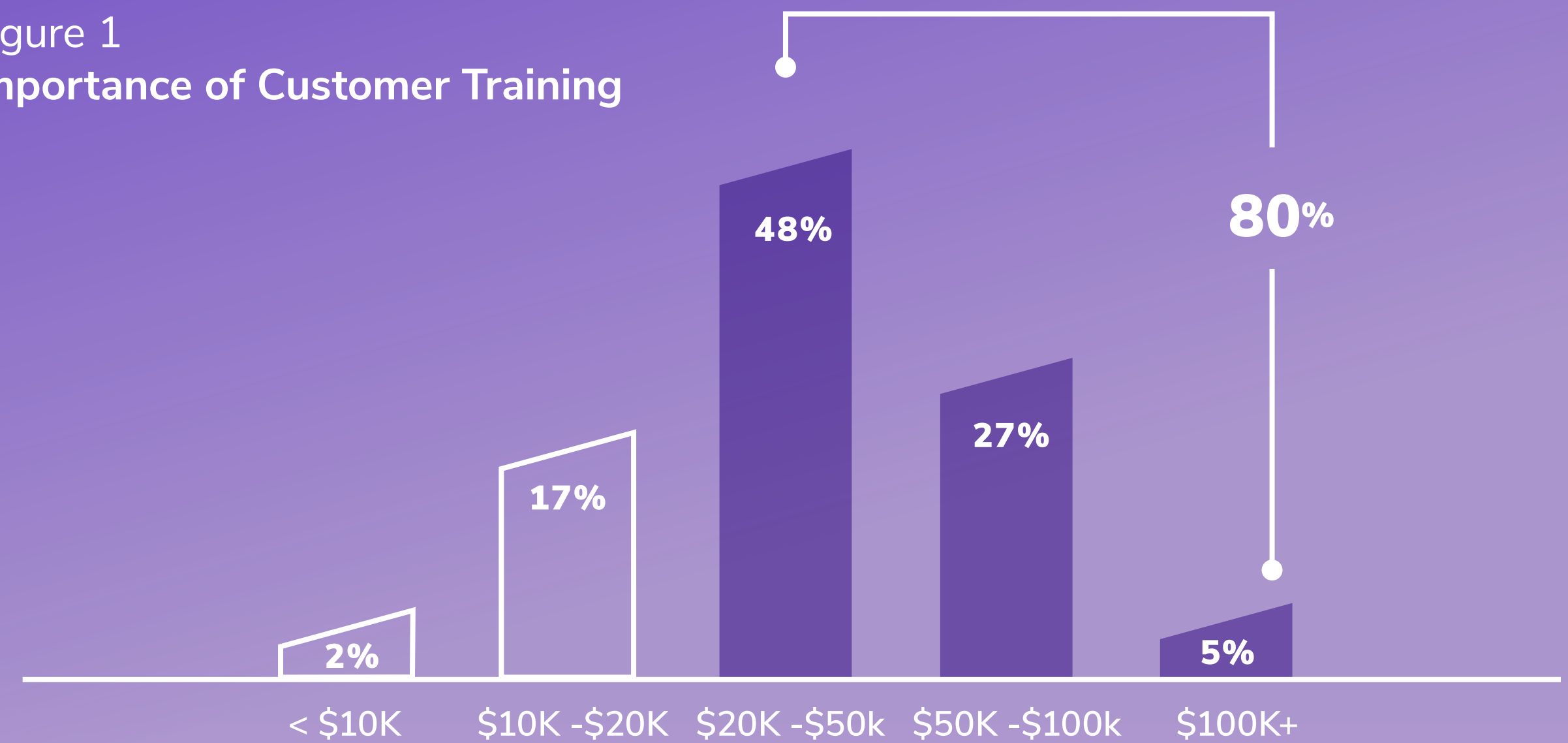**Importance of Customer Training**

< $10K	$10K -$20K	$20K -$50k	$50K -$100k	$100K+
2%	17%	48%	27%	5%

80%

Figure 2
Expected Budget Growth in Customer Training, 2022

NO	< $10K	11-20%	21-50%	50%+	1-10%	10%+
7%	10%	38%	24%	10%	7%	3%

82%

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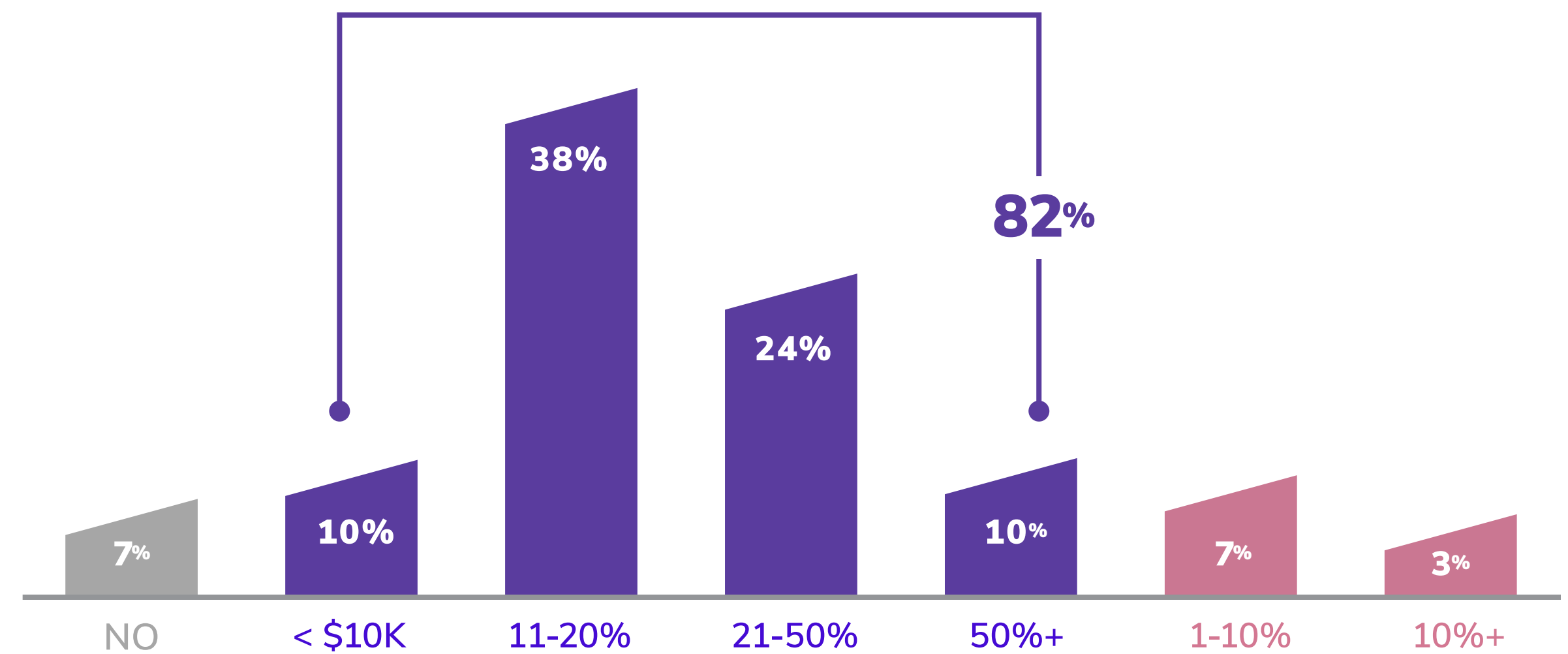
Figure 3
Importance of Customer Training

68%

Very important
Have (more or less)
the right budget
in place

28%

Somewhat important
Important but budget
isn't enough

4%

Not important
Budget is far from
what is needed
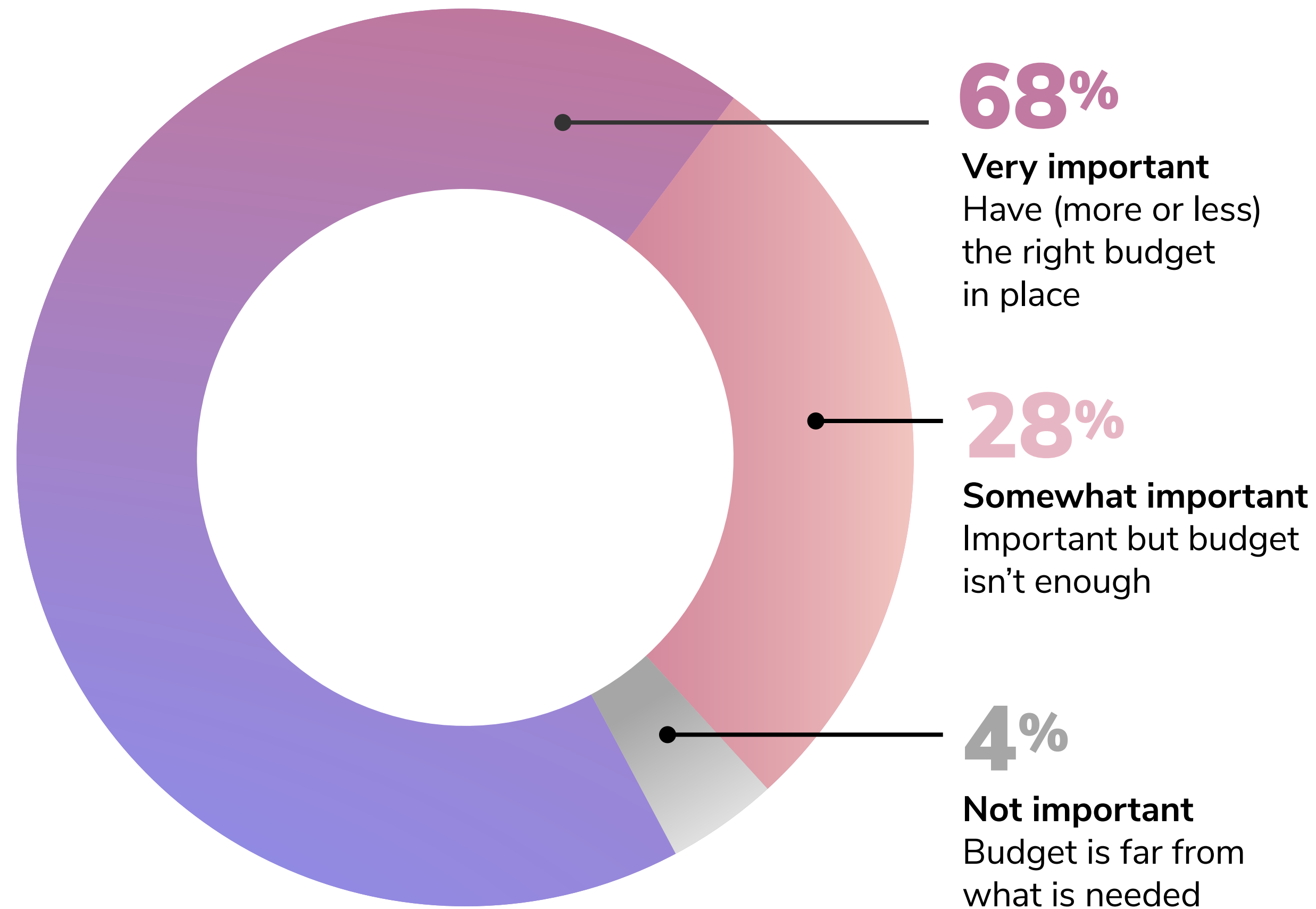
Importance of Customer Training

The value of customer training is often reflected by the budget it is given in the organization. Just as 68% of respondents reported a budget of $20k+, 68% also say they have the right budget in place and that customer training is seen as very important. 28% would like more budget for customer training, as the function is seen as "somewhat important." Altogether, 96% of survey respondents said customer training is considered to be important in their company, suggesting that the awareness is there and the budget may follow.

Technology Investment Priorities in Training Programs, 2022

The top priorities for technology spend in training program budgets for 2022 are customer experience (CX) (35%), AR/VR (24%) and analytics tools (22%).

While AR/VR are regularly cited as areas of interest, the technology is still in its infancy. In contrast, CX technologies are available and already making an impact in many organizations, a realistic priority for today's decision-makers.

When comparing priorities by company size (figure 5), customer experience is the most important for smaller companies (45%), but still holds its own for mid-sized and large companies, playing a significant role in technology spend at more than a quarter for each.

Figure 4
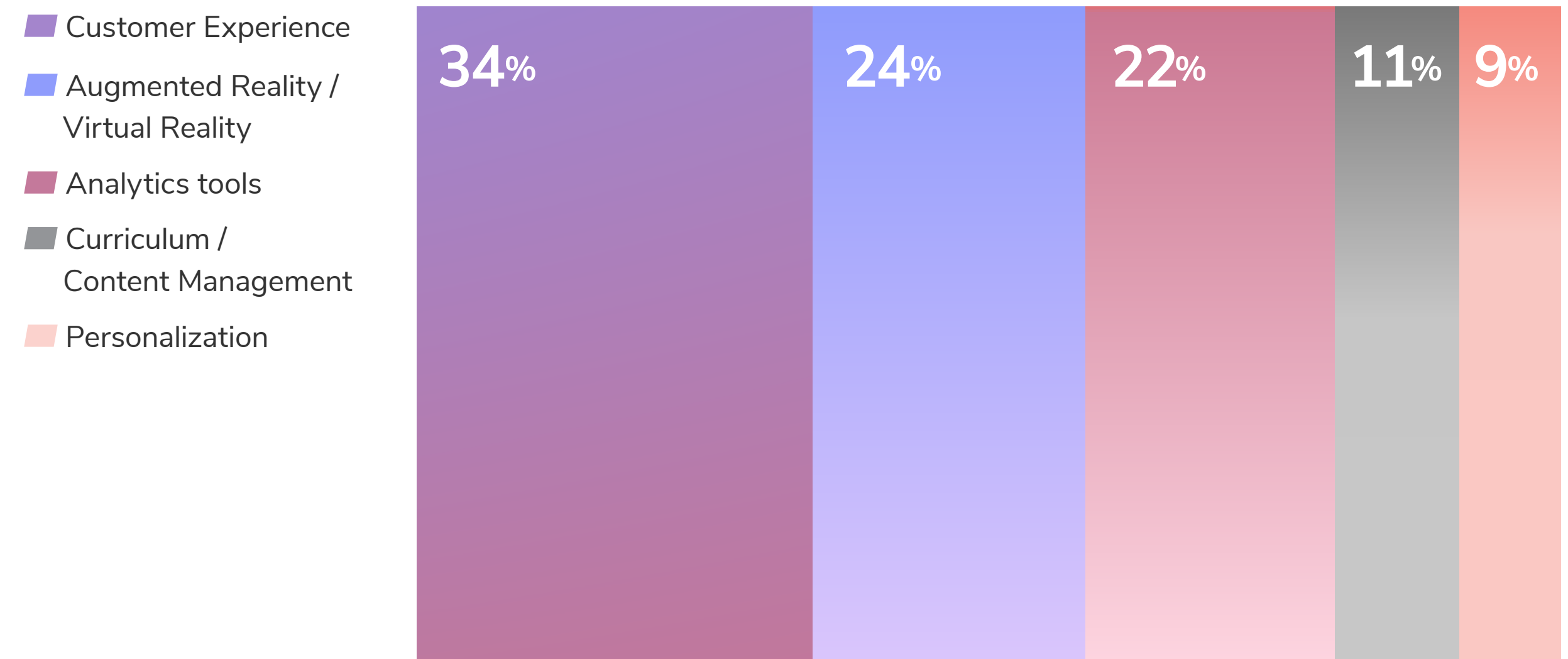**Technology Investment Priorities in Training Programs, 2022**

- Customer Experience
- Augmented Reality / Virtual Reality
- Analytics tools
- Curriculum / Content Management
- Personalization

34%	24%	22%	11%	9%

Figure 5
Technology Investment Priorities in Training Programs in 2022, by Company Size

201-500 empl.	45%	10%	25%	10%	10%
501-1,000 empl.	30%	27%	23%	20%	
1,001-5,000 empl.	28%	40%	16%	4%	12%

Figure 6
Self-Paced vs VILT, 2021

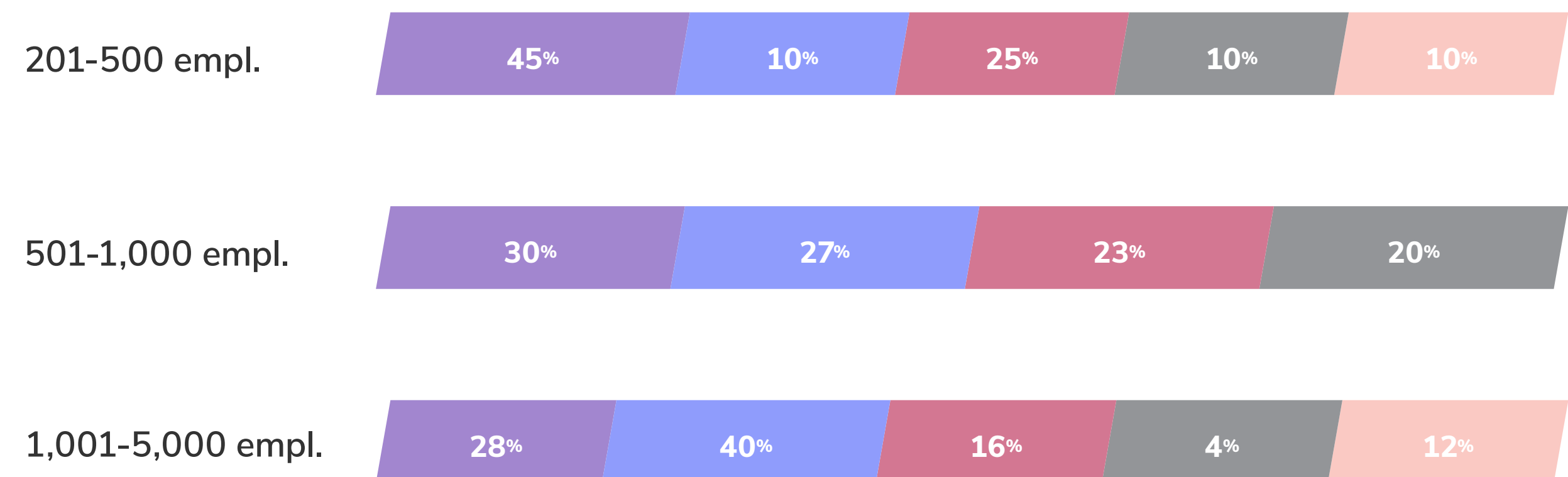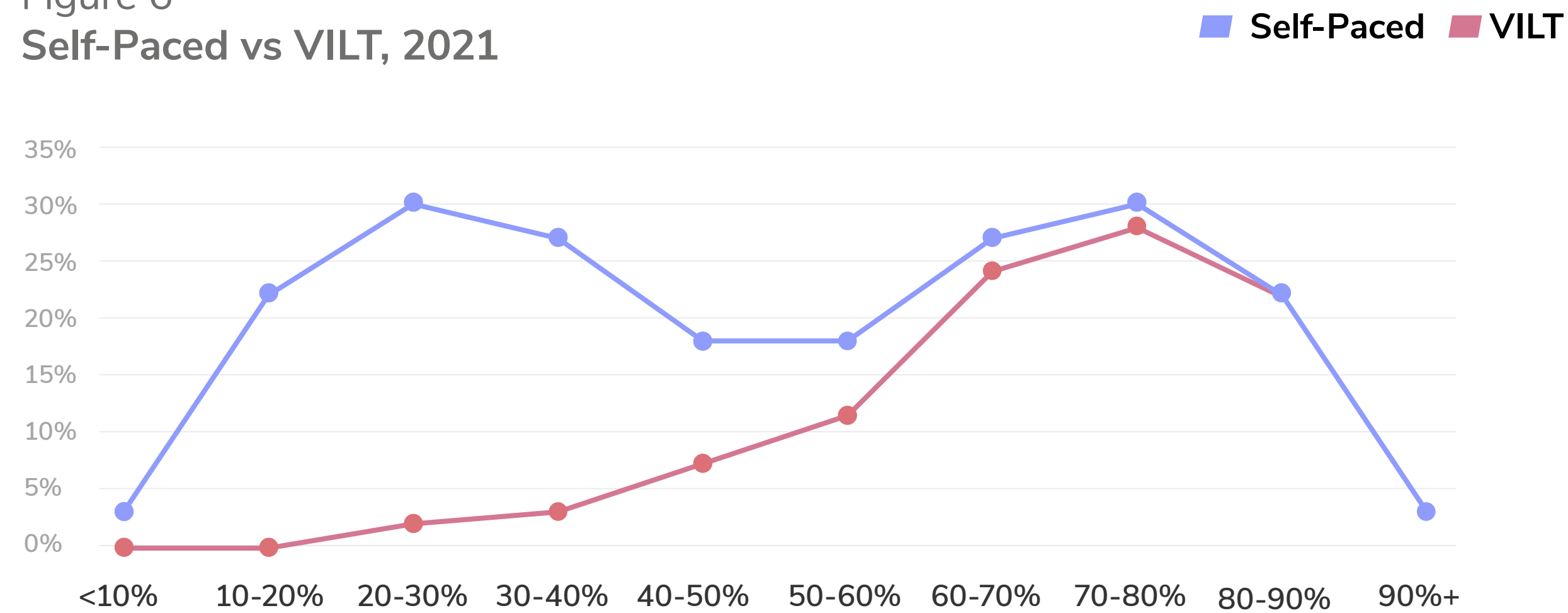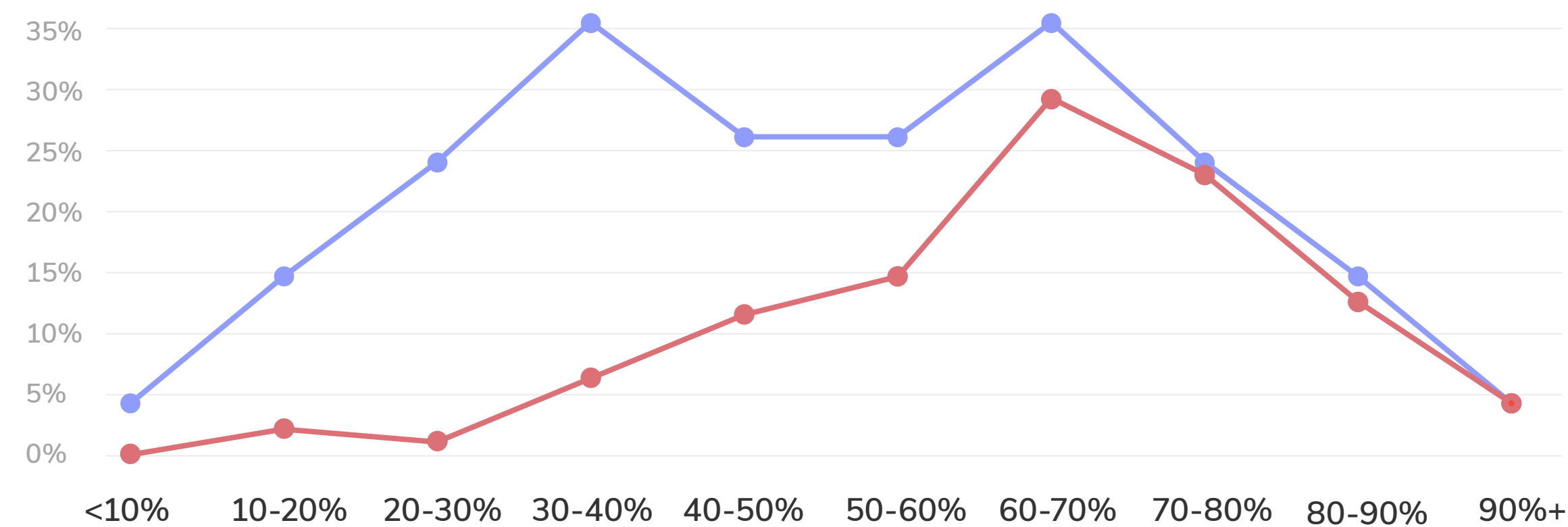Legend: ■ Self-Paced ■ VILT

Averages: Self-paced 68% VILT 32%

Figure 7
Self-Paced vs VILT, 2022

Averages: Self-paced 62% VILT 36%

VILT vs. Self-Paced Learning, 2021-2022

When comparing how regularly customer training programs in 2021 and 2022 are delivered through self-paced learning vs Virtual Instructor-led Training (VILT), we see overall that self-paced is dominant. Self-paced is used on average by 68% of companies in 2021, and a projected 62% in 2022, while VILT is gradually growing with an average usage of 32% in 2021, and expected usage of 36% in 2022.

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VILT vs Self-Paced Learning – Adoption by Company Size

Breaking down the use of VILT vs self-paced training by company size, we can see that all companies from small to large use self-paced training, with 30% of medium-sized companies leveraging self-paced between 60% and 70% of the time. VILT is clearly used for smaller use cases, peaking at between 20% and 40% of usage, no matter the company size.

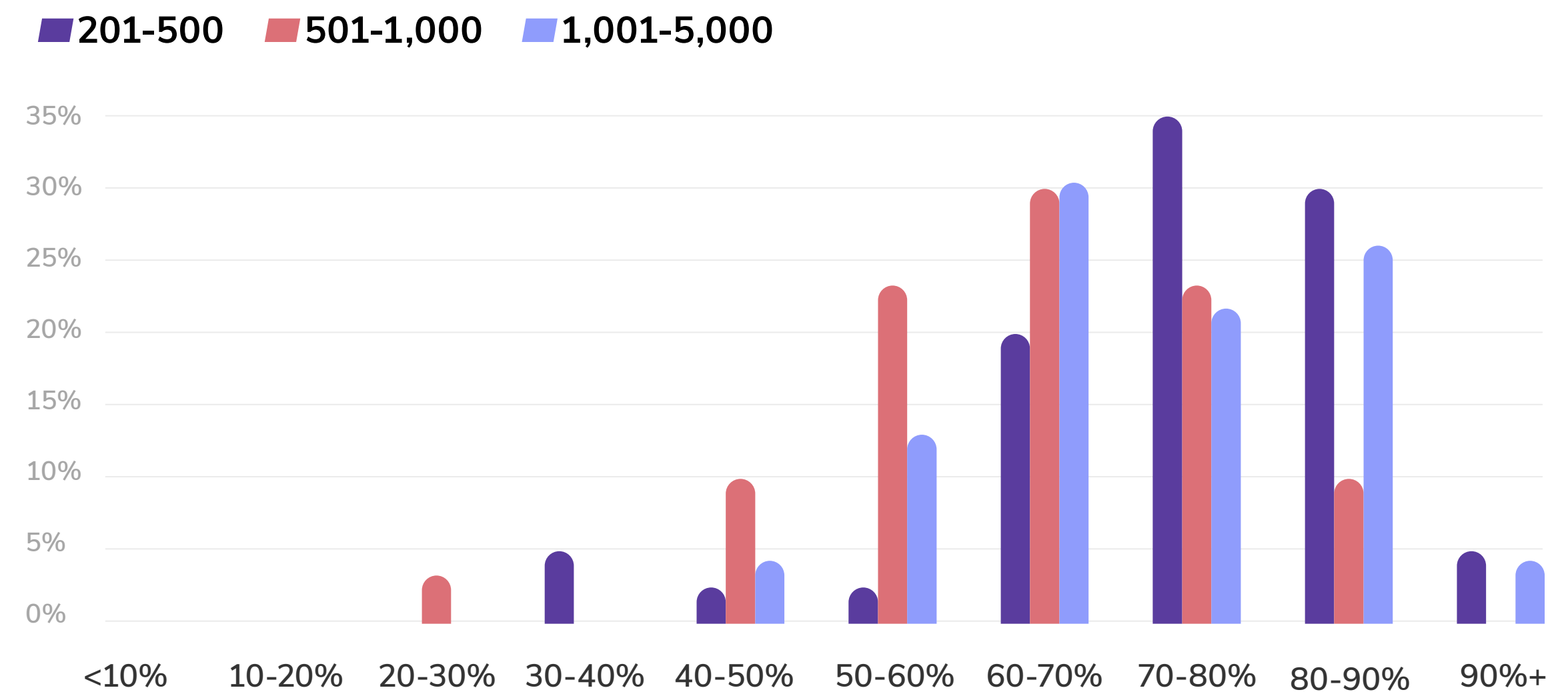Figure 8
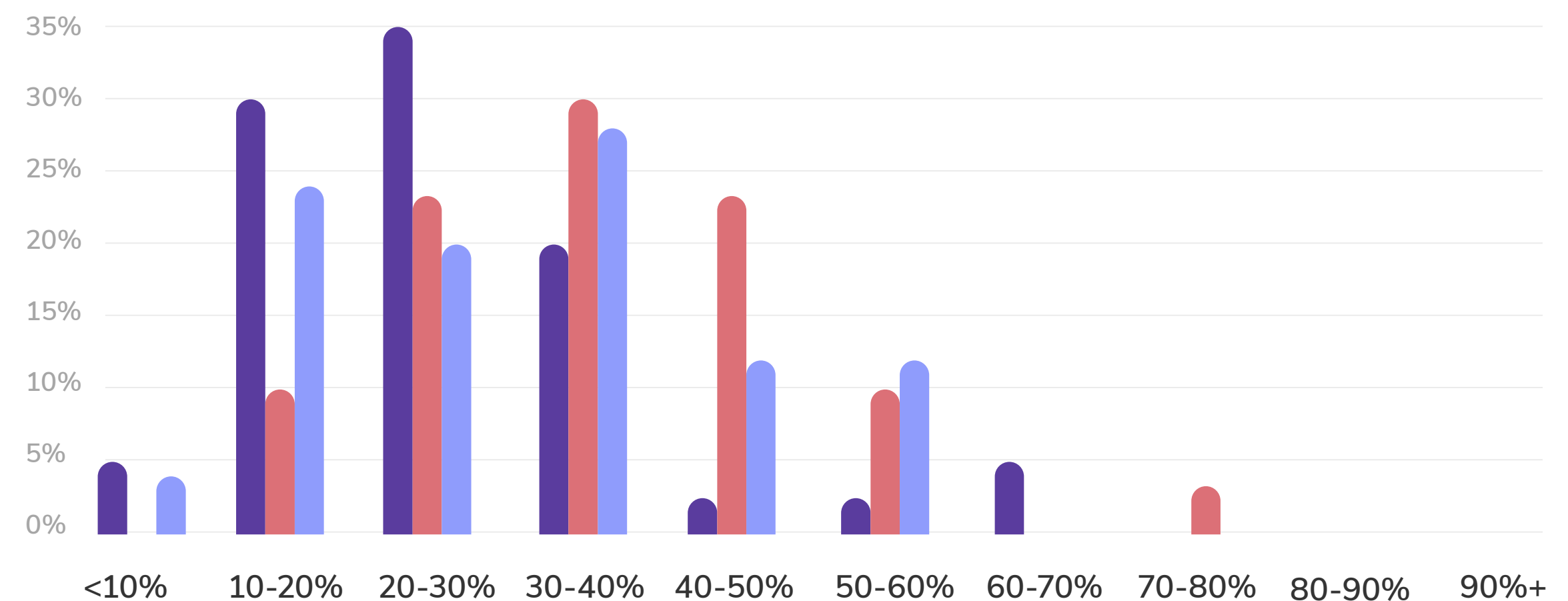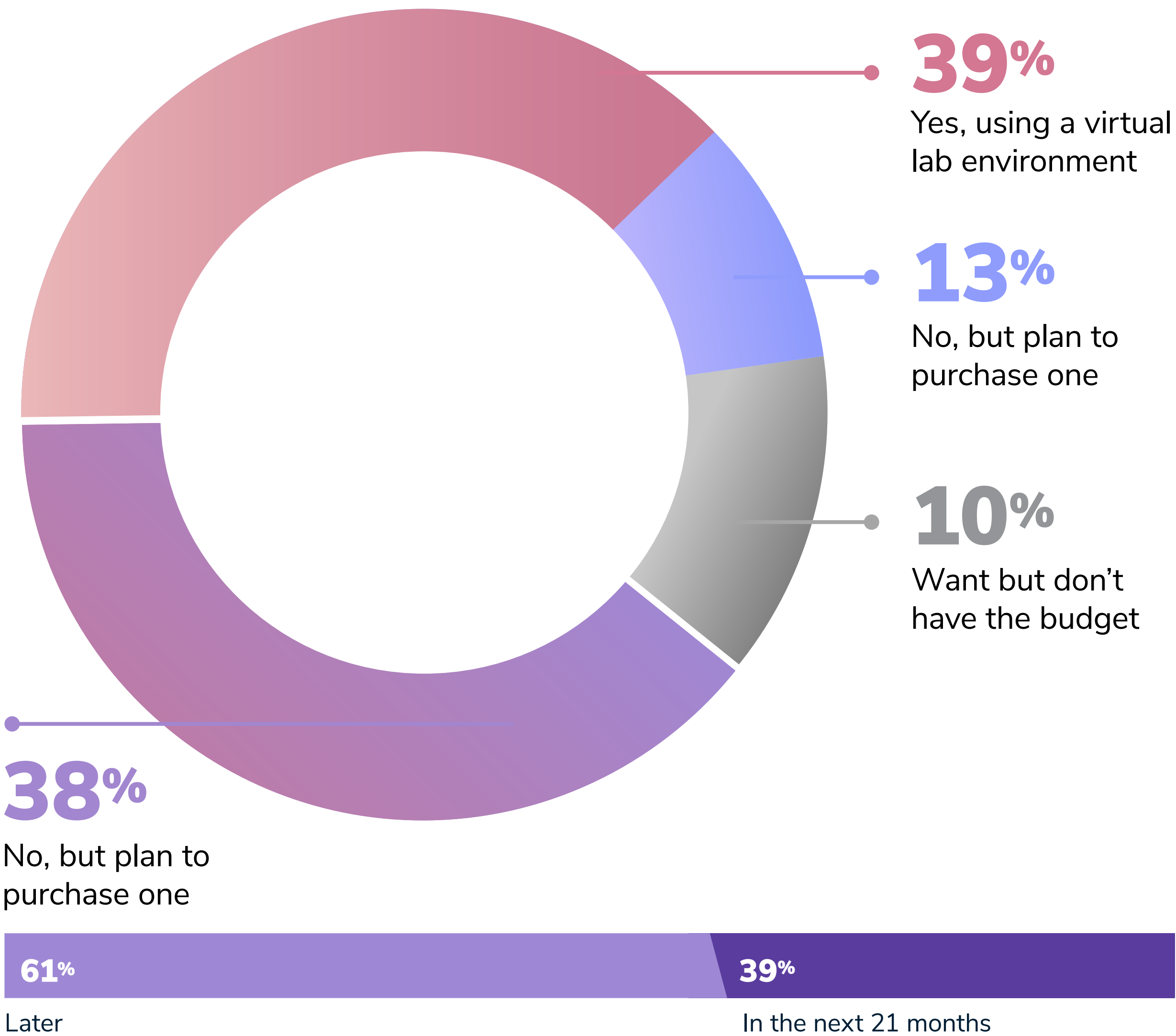**Self-Paced Usage by Company Size**

Figure 9
VILT Usage by Company Size

Figure 10
Use of Virtual Lab Environments in Training Programs

39%
Yes, using a virtual lab environment

13%
No, but plan to purchase one

10%
Want but don't have the budget

38%
No, but plan to purchase one

61%	39%
Later	In the next 21 months

Use of Virtual Lab Environments in Training Programs

39% of companies are currently using a virtual lab environment in their training programs, with a further 38% planning to purchase one to augment their training. An additional 10% see the value and would like to use one, but don't have the budget in place.

From the 38% of companies planning to purchase a virtual lab environment, 39% plan to do so imminently in the next 12 months, while 61% have it on their roadmap further down the line.

Top Challenges to Reach Customer Training Objectives

79% of companies have challenges in reaching their customer training objectives. The four top challenges paint an interesting picture of what they feel is holding them back: scheduling (42%), limited integration with various training tools (39%) lack of visibility into training's impact on company's bottom line (37%), and lack of tools for customer engagement (32%).

Figure 11
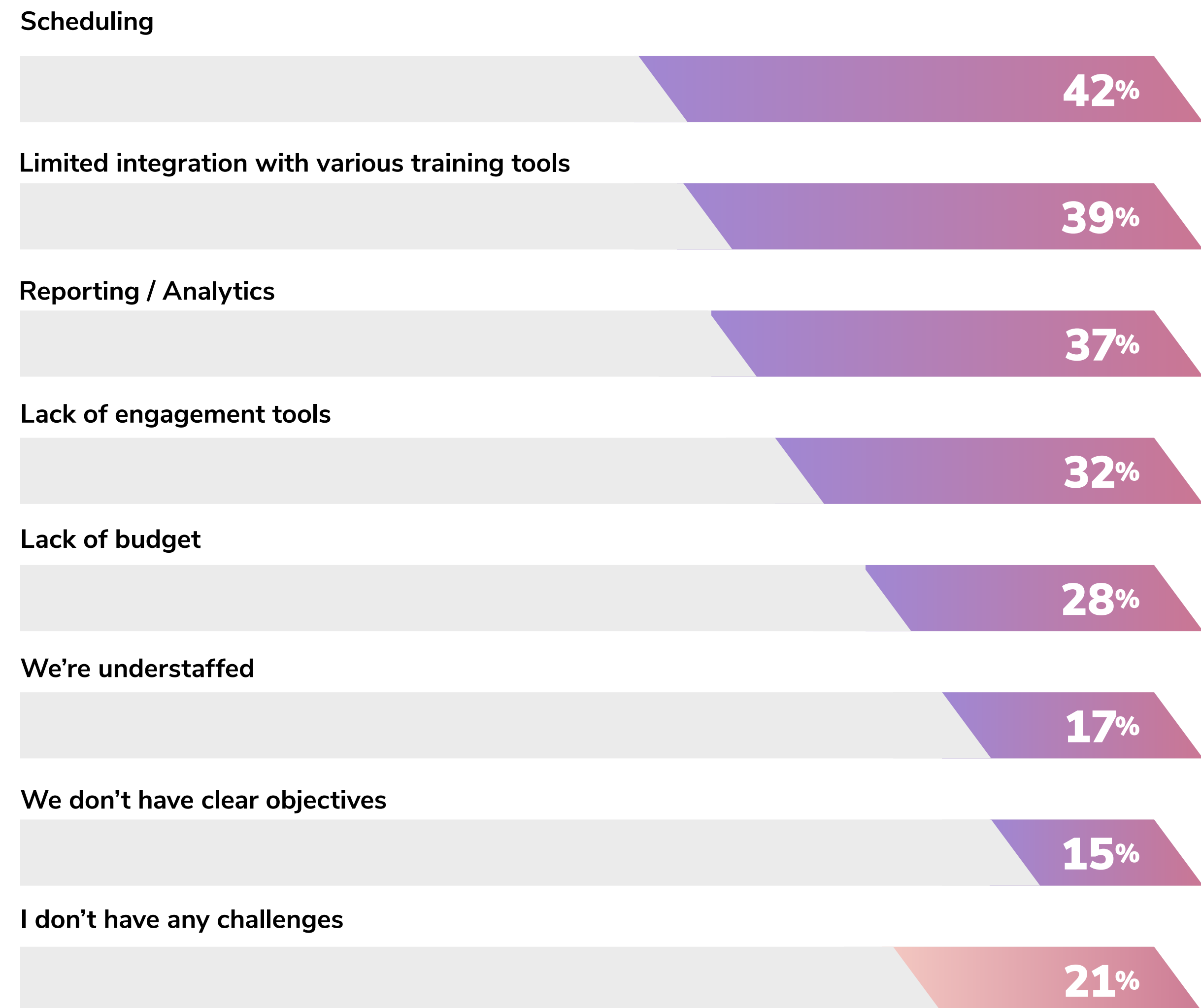**Top Challenges to Reach Customer Training Objectives**

Scheduling

42%

Limited integration with various training tools

39%

Reporting / Analytics

37%

Lack of engagement tools

32%

Lack of budget

28%

We're understaffed

17%

We don't have clear objectives

15%

I don't have any challenges

21%

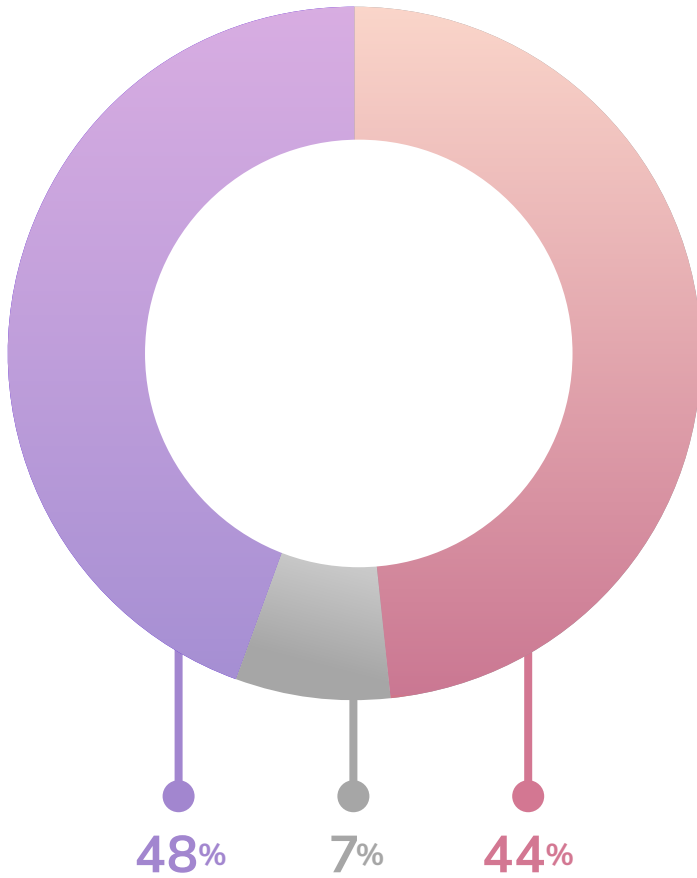cloudshare

Figure 12
Impact of Training Programs in Companies

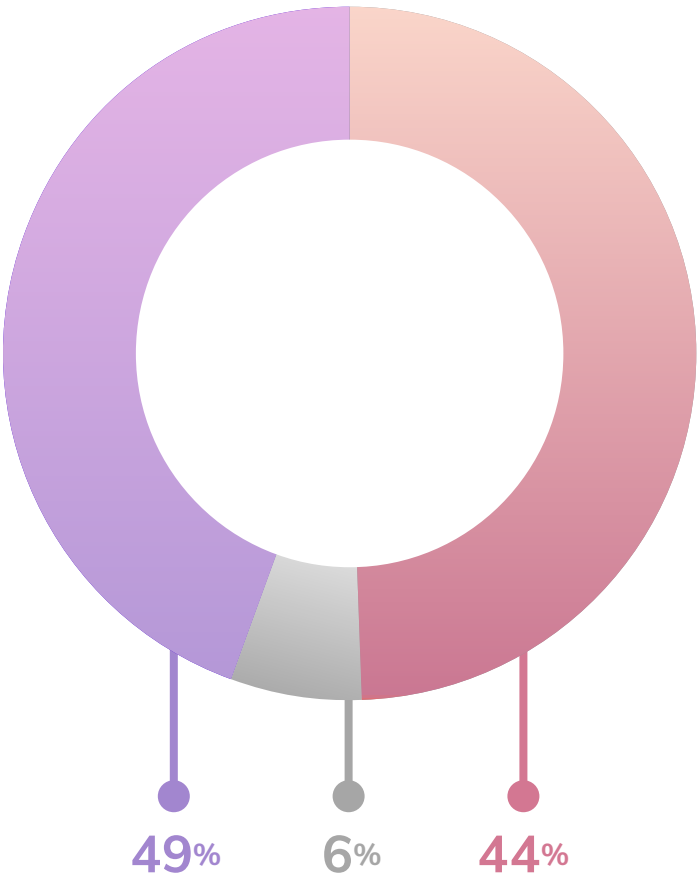■ Strongly Agree
■ Agree
■ Disagree

66%   4%   30%
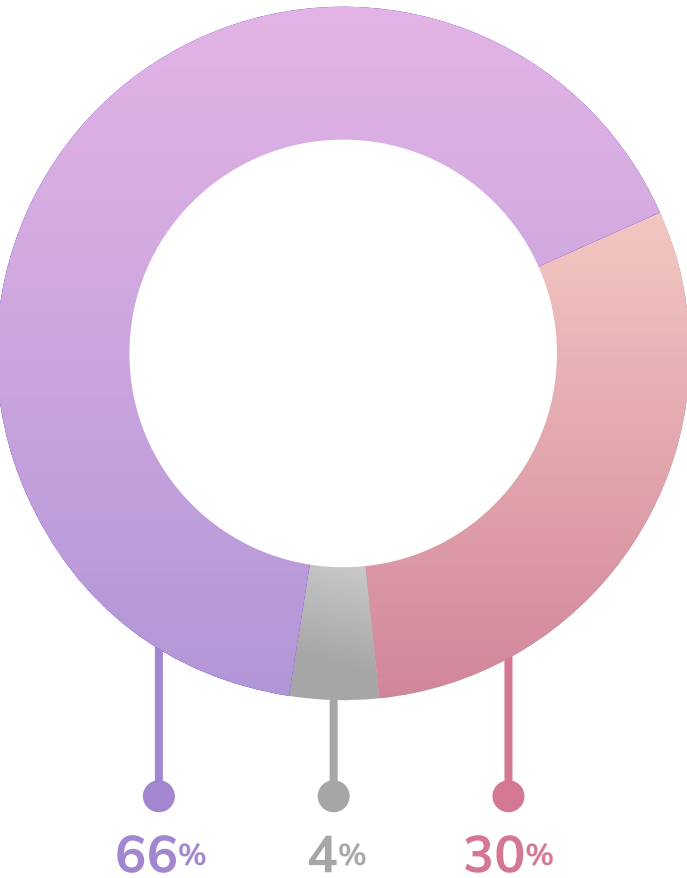
We can measure the performance of our training sessions and programs

48%   7%   44%

We have sufficient engagement tools to deliver effective training

49%   6%   44%

We can measure the customer training program's effect on our company's bottom line

Impact of Training Programs in Companies

Interestingly, when we asked companies about the impact of their training programs, the answers were overwhelmingly positive. 66% of survey respondents strongly agree they can measure the performance of their training sessions and program. 44% strongly agree they have sufficient engagement tools to deliver effective training, and 44% strongly agree they can measure the customer training program's effect on their company's bottom line. These are in stark contrast with the challenges listed above. It's possible that respondents have processes in place to manage these goals, but they recognize that they could be improved, streamlined or updated.

Training Programs Dropout Rates

One of the most common and difficult challenges for online training is learner drop-out rates. 86% of companies are seeing dropouts of between 5% and 30% from their training programs. Only 14% are seeing less than 5% in dropout rates. Finding ways to keep learners engaged to completion is therefore an important goal.
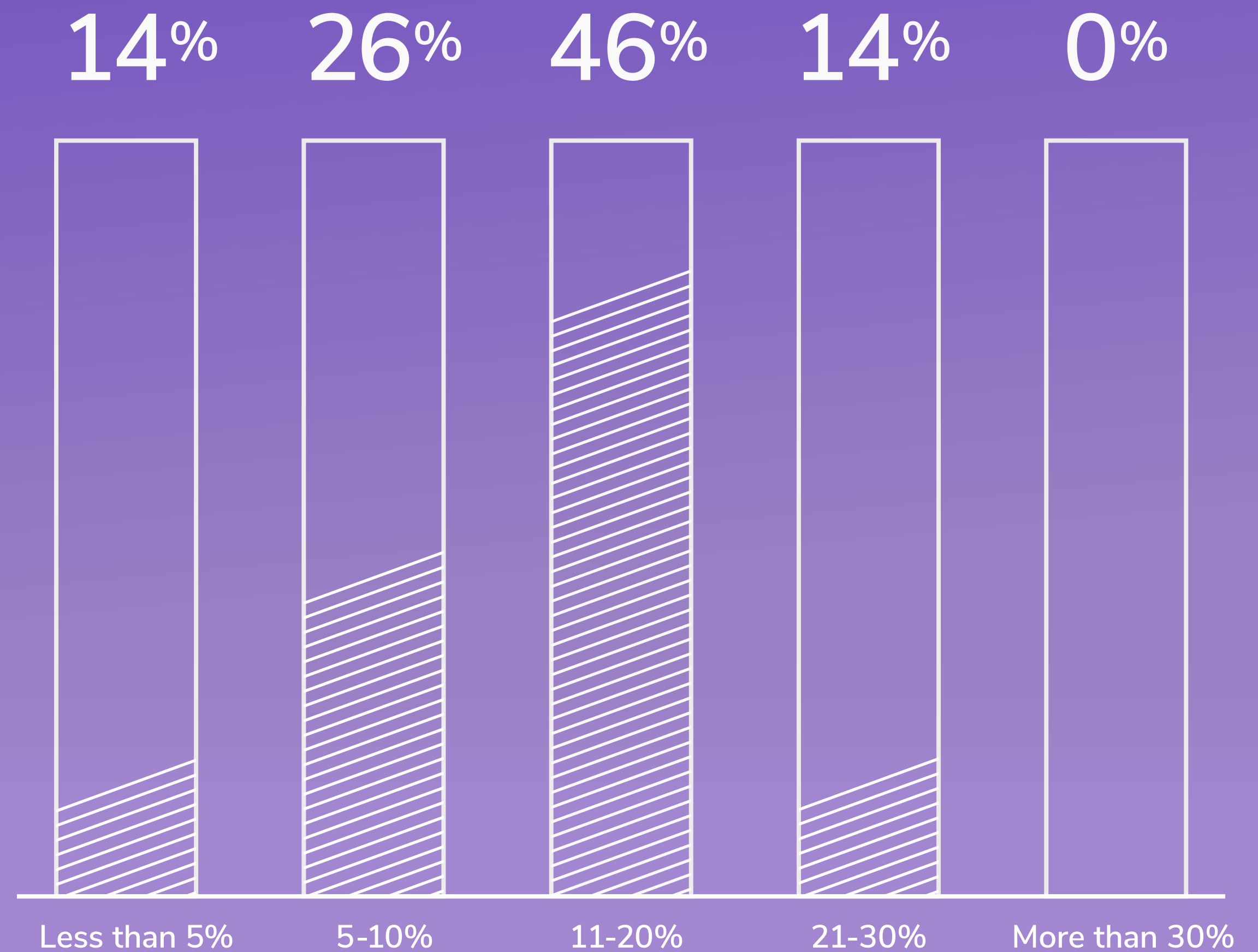
Figure 13
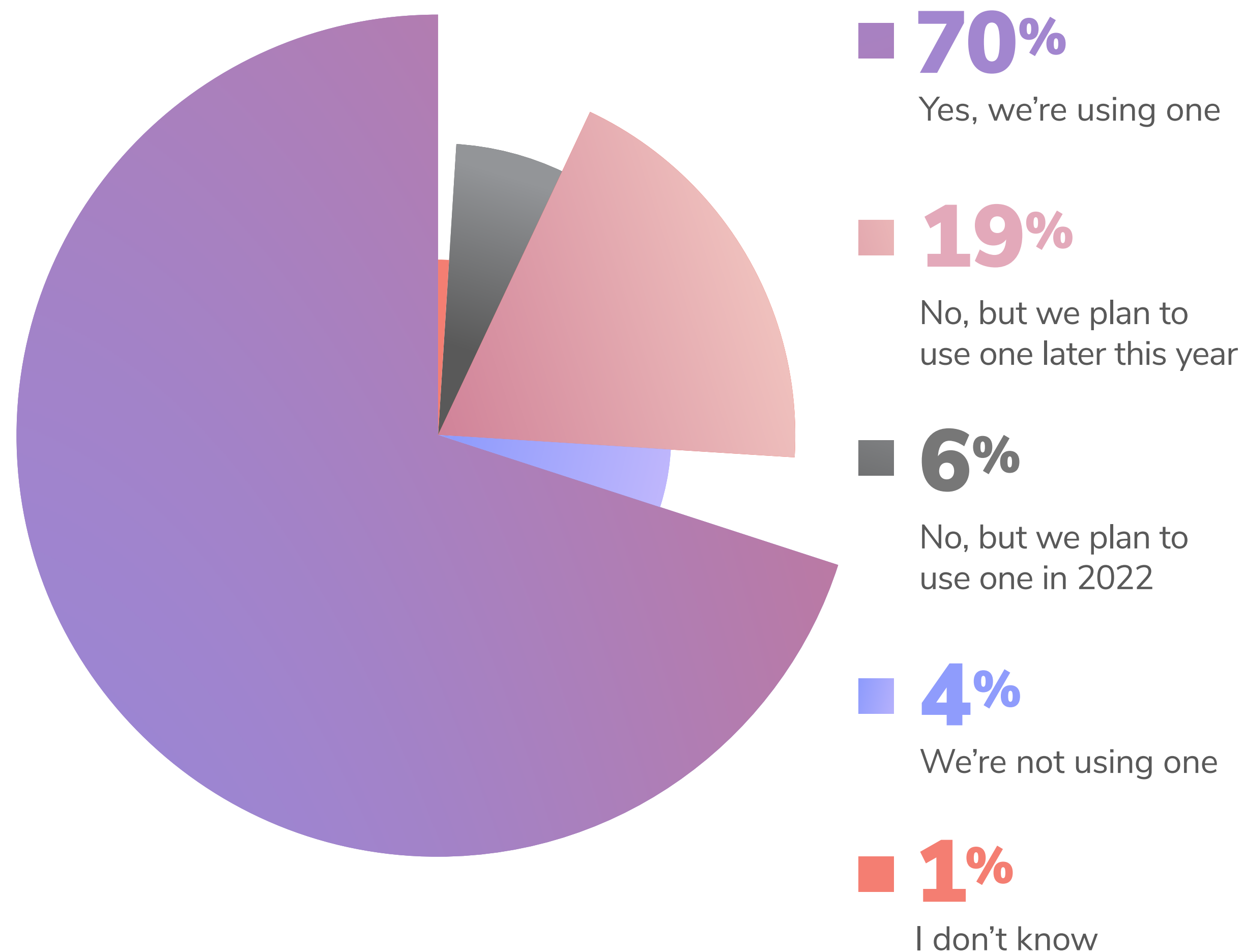**Training Programs Dropout Rates**

14%	26%	46%	14%	0%
Less than 5%	5-10%	11-20%	21-30%	More than 30%

Figure 14
Use of Learning Management System (LMS) in Customer Training Programs

70%
Yes, we're using one

19%
No, but we plan to use one later this year

6%
No, but we plan to use one in 2022

4%
We're not using one

1%
I don't know

Use of Learning Management System (LMS) in Customer Training Programs

70% are using a Learning Management System (LMS) in their customer training programs and 25% plan to use one either later this year (19%) or in 2022 (6%).

Because of this, a training platform would need easy integration with an LMS to ensure organizations can meet all their needs, both content management behind the scenes, and hands-on training experiences for the learner.

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Methodology and Demographics

This report was administered online by Global Surveyz Research, a global research firm. The survey is based on 100 managers of customer education and training from the United States. Companies all work in the software industry and have a SaaS offering. The respondents were recruited through a global B2B research panel, invited via email to complete the survey, with all responses collected during June 2021. The average amount of time spent on the survey was 6 minutes and 43 seconds. The answers to the majority of the non-numerical questions were randomized, in order to prevent order bias in the answers.
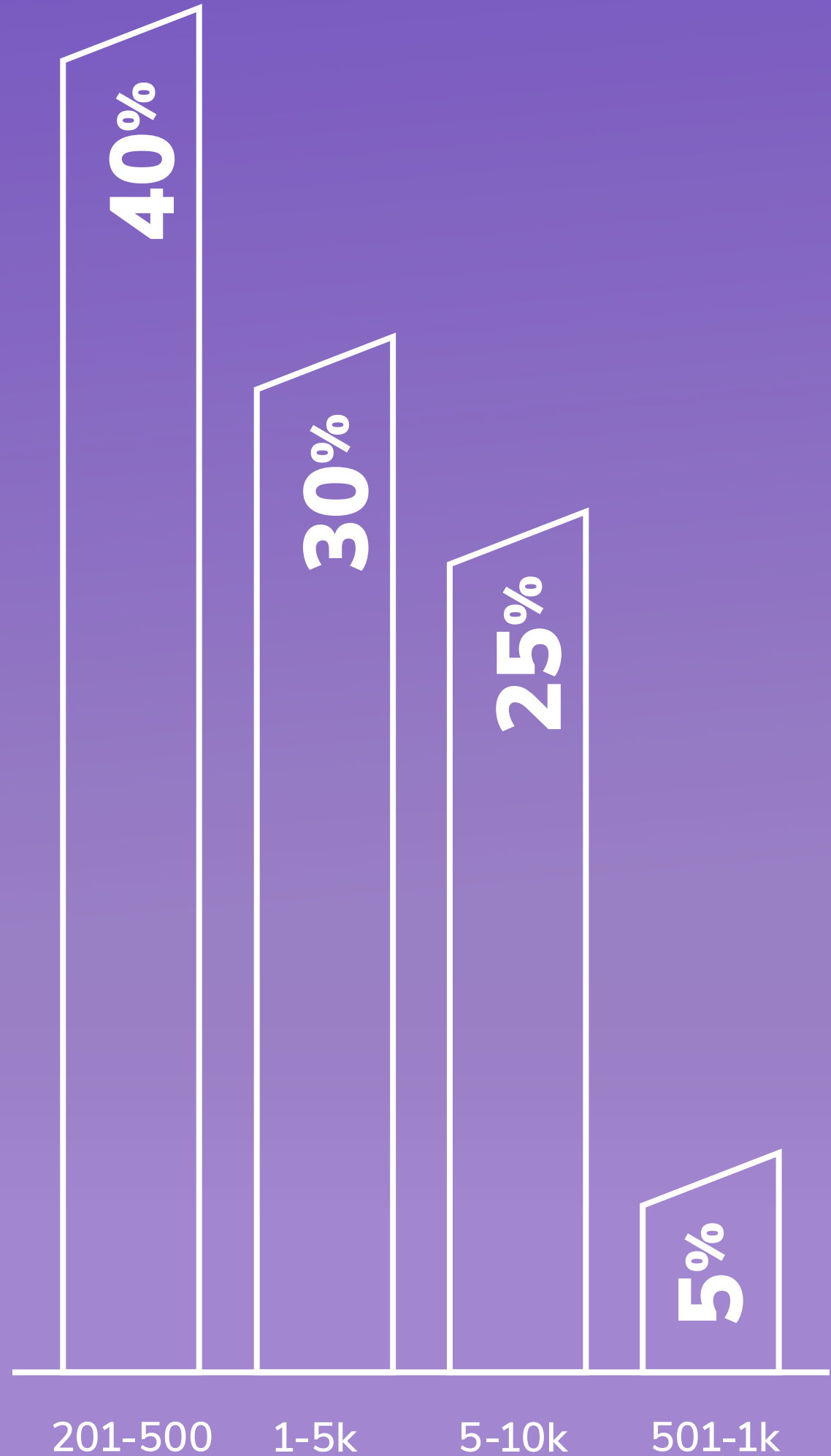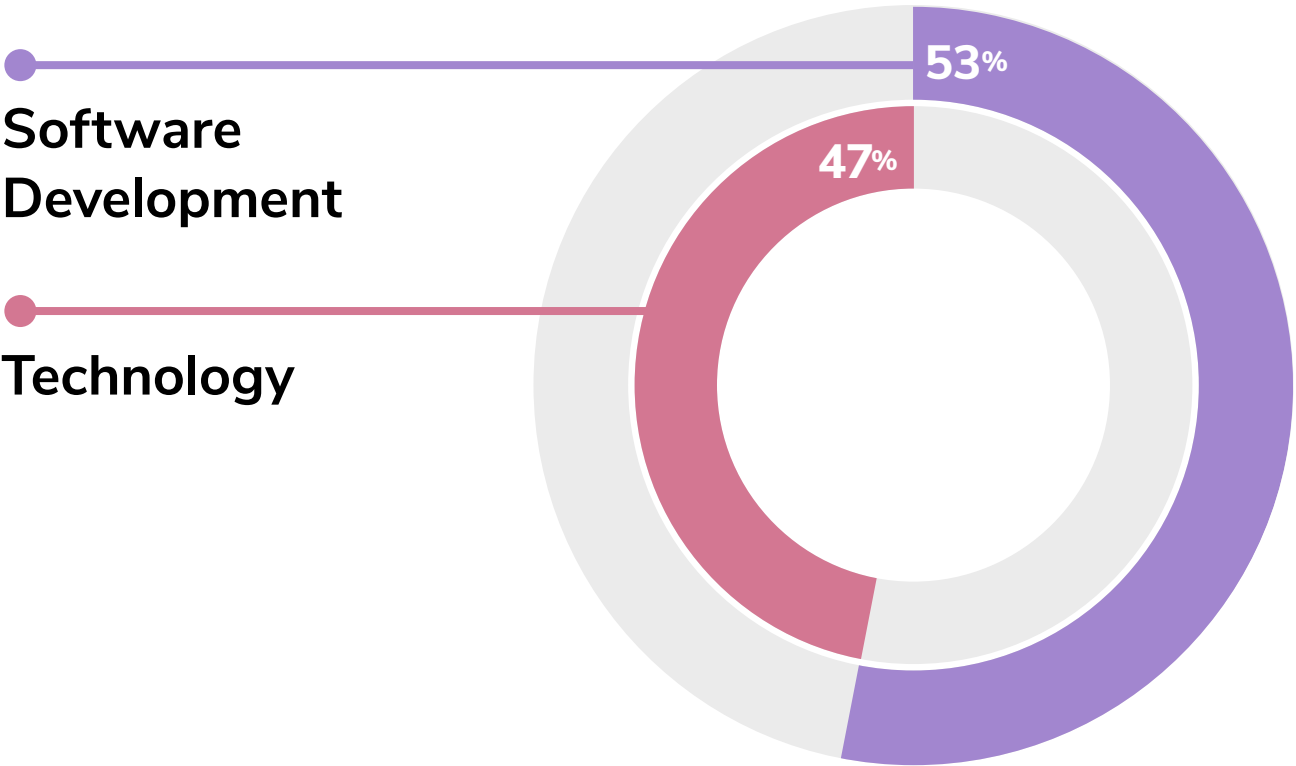
Figure 15
Company Size (Employees)

40%	30%	25%	5%
201-500	1-5k	5-10k	501-1k

Figure 16
Industry

Software Development — 53%
Technology — 47%

Figure 17
Job Seniority

- ■ Manager
- ■ Director
- ■ Senior Director
- ■ VP

Manager 38%
Director 25%
Senior Director 22%
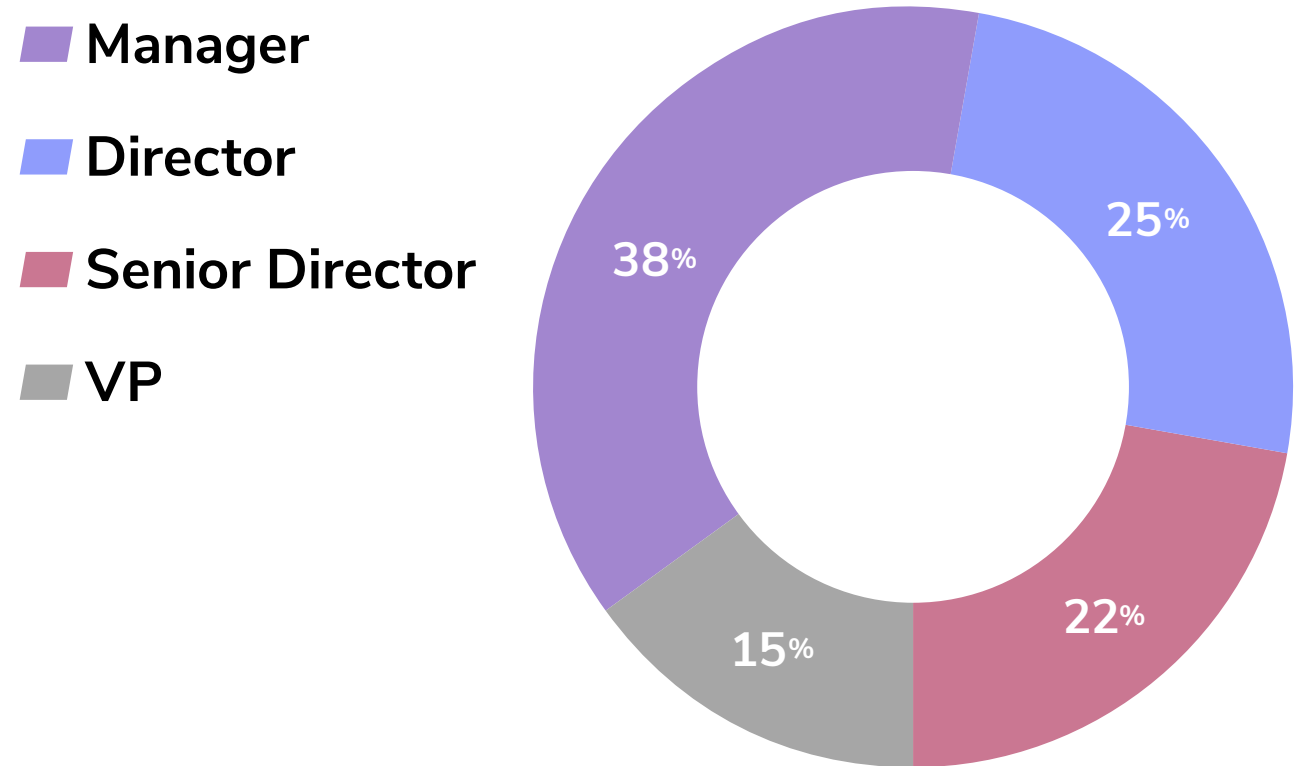VP 15%

Conclusion

With customer engagement the top priority for today's SaaS leaders, and 86% of businesses seeing dropouts from their current customer training, it's no surprise that digital training experiences that boost engagement are firmly on the agenda. 38% of companies are already using virtual hands-on lab environments, and usage is expected to more than double in number if SaaS businesses can meet their roadmaps and sidestep budgetary challenges. As budgets are increasing for more than 80% of SaaS companies in 2022 – you can expect that 'if' to transform into a 'when' pretty fast.

As market leaders in this category, at CloudShare we are dedicated to meeting the emerging needs and demands of our audience. This report paints a clear picture of the vital requirements for customer training that today's software companies are grappling with. In a drive to accelerate growth and success, SaaS leaders are looking to improve scheduling, integration, customer engagement, and their ability to measure impact.

In response to these needs, we will continue to develop our product to be purpose-built to meet current requirements, as well as support the market with our in-depth research and analysis.

About CloudShare

CloudShare is a leading software experience platform that helps software companies increase customer acquisition and retention by creating highly engaging hands-on virtual POCs, demos, and training environments that generate revenue, quickly, easily, and at scale across the customer journey.

We are proud to serve leading organizations such as Palo Alto, Attlasian, Motorola, Salesforce, ForgeRock, and SAI Global.

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